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GOVERNOR

MIKE MCCARTNEY
DIRECTOR

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, & TOURISM AND SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Friday, March 15, 2019
2:50 PM
State Capitol, Conference Room 414

In consideration of
HB 401, HD1
RELATING TO CONTRACTING FOR PUBLIC FACILITIES.

Chairs Wakai and Thielen, Vice Chairs Taniguchi and Inouye, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) **supports the intent of** HB401, HD2, which amends the definition of “energy performance contract” to include vehicles and allows agencies to enter into performance contracts to undertake or implement energy conservation or alternate energy measures for vehicles.

DBEDT believes this measure would result in added value and serve as an energy savings tool for agencies to consider when facilitating the transition of State fleet vehicles to electric vehicles.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT,
AND TOURISM AND GOVERNMENT OPERATIONS
ON
HOUSE BILL NO. 401, H.D. 1

March 15, 2019
2:50 p.m.
Room 414

RELATING TO CONTRACTING FOR PUBLIC FACILITIES

House Bill No. 401, H.D. 1, amends Section 36-41 of the HRS to allow agencies to enter into multi-year performance contracts to undertake or implement energy conservation or alternate energy measures for vehicles. The energy performance contract, an agreement for the provision of energy services and equipment, may be provided in exchange for a portion of the cost savings, lease payments or specified revenues, and the level of payments is contingent upon verified cost savings, energy production, avoided maintenance, avoided energy equipment replacement, or any combination of the foregoing.

The Department of Budget and Finance appreciates the intent of this measure to promote energy conservation, but we believe that expansion of the current provisions for energy savings performance contracting for facilities to include vehicles is not appropriate. Section 36-41 is written specifically for facilities, and amendments to include vehicles do not appear practicable. For example, although converting vehicles for increased energy efficiency may be possible, it is not often done; whereas, with

facilities, this is the standard practice. Further, we note that this bill does not allow for the lease purchase of alternate energy vehicles in exchange for cost savings.

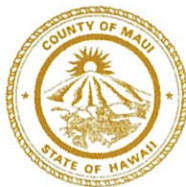
It is also not clear what savings would be used to fund such contracts. For example, cost savings for a gasoline powered vehicle compared to an electric vehicle would include gasoline costs, which would be offset by electricity costs. Savings would not be generated against the budgeted cost of a vehicle itself, only the costs to operate it. Even if vehicle costs were allowed, many departments do not have annual budgeted amounts to purchase vehicles so there may be no consistent "savings" from budgeted amounts.

For these reasons, we strongly recommend that a separate section for vehicles be adopted that would be specifically applicable to vehicle purchases and operation.

Thank you for your consideration of our comments.

Michael P. Victorino
Mayor

Sananda K. Baz
Managing Director



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March 14, 2019

LATE

The Honorable Senator Glenn Wakai, Chair
Senate Committee on Energy, Economic Development, and Tourism

The Honorable Senator Laura H. Thielen, Chair
Senate Committee on Government Operations

Dear Senator Wakai, Senator Thielen, and Committee Members:

Re: Hearing of March 15, 2019; Testimony in **SUPPORT** of **HB 401 HD1**, Relating to Contracting for Public Facilities

Thank you for the opportunity to testify in **SUPPORT** of **HB 401 HD 1**. This important measure allows agencies to enter performance contracts to undertake or implement energy conservation or alternate energy measures for vehicles and amends the definition of energy performance contract to include vehicles.

Section 36-41, Hawaii Revised Statutes (HRS), provides government agencies the tools needed to reduce carbon emissions, lower energy costs and benefit taxpayers across the state.

HB 401 HD 1 amends Section 36-41, HRS, to expand the program to include 'vehicles', 'vehicle fleet' and 'vehicle fueling or charging infrastructure.'

Maui County has initiated several programs to reduce its carbon emissions in the transportation sector. **HB 401 HD1** will allow Maui County to extend the benefits of this successful program to innovations in transportation that will further lower emissions, and lead to more efficiencies and reduced costs.

Mahalo for your consideration of **HB 401 HD 1**.

March 14, 2019
Page 2

Respectfully yours,

A handwritten signature in black ink, reading "Michael P. Victorino". The signature is written in a cursive style with a horizontal line at the end.

MICHAEL VICTORINO
Maui County Mayor



Email: communications@ulupono.com

SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, & TOURISM AND
GOVERNMENT OPERATIONS

Friday, March 15, 2019 — 2:50 p.m. — Room 414

UluPono Initiative Strongly Supports HB 401 HD 1, Relating to Contracting for Public Facilities

Dear Chair Wakai, Vice Chair Taniguchi, Chair Thielen, Vice Chair Inouye, and Members of the Committees:

My name is Murray Clay and I am Managing Partner of the UluPono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better manage waste and fresh water resources. UluPono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

UluPono strongly supports HB 401 HD 1, which allows agencies to enter energy-performance contracts for vehicles, which will allow for the increased use of more efficient, cleaner forms of ground transportation in county fleets, ultimately reducing Hawai'i's dependence on imported fossil fuels.

In the past, implementing renewable energy and energy efficiency programs for buildings have lowered long-term costs for government buildings. Yet, these measures often require an upfront investment that pays for itself over time. Similarly, electric and more fuel-efficient vehicles can provide long-term savings even when accounting for a potential initial higher purchase price. Vehicles that use less gasoline also helps to reduce imported fossil fuels and carbon emissions that contribute to climate change. Allowing counties to access such options can help them meet clean transportation goals more effectively.

As Hawai'i's energy issues become increasingly complex and challenging, we appreciate these committees' efforts to look at policies that support clean ground transportation. Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

Investing in a Sustainable Hawai'i



COLLEGE of SOCIAL SCIENCES

HAWAII ENERGY POLICY FORUM

UNIVERSITY of HAWAII at MĀNOA

Hawaii Energy Policy Forum

Megan Blazak, The Kohala Center
David Bissell, Kauai Island Utility Cooperative
Jade Butay, Hawaii Dept of Transportation
Carl Campagna, Hawaii Bioeconomy Trade Org
Caroline Carl, Hawaii Energy
Albert Chee, Island Energy Services
Murray Clay, Ulupono Initiative
Jacqueline Conant, Ofc of US Representative Ed Case
Richard DeGarmo, Hawaii Gas
Amy Ejercito, IBEW, Local Union 1260
Mitch Ewan, UH Hawaii Natural Energy Institute
Jay Fidell, ThinkTech Hawaii
Carl Freedman, Haiku Design & Analysis
Matthias Fripp, UH Renewable Energy Island Sust
Ford Fuchigami, Ofc of Hawaii State Governor
Will Giese, Hawaii Solar Energy Assn
Dale Hahn, Ofc of US Senator Brian Schatz
Michael Hammett, UH Social Sciences Research Inst
Sen Lorraine Inouye, Hawaii State Legislature
Russ Koehler, Marine Corps. Base Hawaii
Rep Nicole Lowen, Hawaii State Legislature
Aki Marceau, Elemental Excelsior
Rocky Mould, C&CH Ofc of Climate Change, Sust & Res
Dean Nishina, Hawaii Division of Consumer Advocacy
Denise Salmeron, US Dept of Agriculture
Stan Osserman, Hawaii Ctr for Adv Transp Techn
Melissa Pavlicek, Hawaii Public Policy Advocates
Rick Rocheleau, UH Hawaii Natural Energy Institute
Ross Roley, US Pacific Command
David Rolf, Hawaii Automobile Dealers Assn
Peter Rosegg, Hawaiian Electric Companies
Riley Saito, Hawaii County
Scott Seu, Hawaiian Electric Companies
Carilyn Shon, Hawaii State Energy Office, DBEDT
Joelle Simonpietri, Simonpietri Enterprises LLC
Ben Sullivan, Kauai County
Lance Tanaka, Par Hawaii
Maria Tome, Hawaii Public Utilities Commission
Kirsten Turner, Ofc of US Representative Tulsi Gabbard
Sen Glenn Wakai, Hawaii State Legislature
Richard Wallsgrove, William S. Richardson Sch of Law
Sherilyn Wee, UH Public Policy Center
Alan Yamamoto, Ofc of US Senator Mazie Hirono

Testimony of Maria Tome
Chair, Transportation Working Group
Hawaii Energy Policy Forum

to the Hawaii State Senate Committees on
Energy, Economic Development, and Tourism, and
Government Operations

Friday, March 15, 2019, 2:50 PM
State Capitol, Conference Room 414

In **SUPPORT** of HB 401, HD 1
Relating to Contracting for Public Facilities

Aloha Chairs Wakai and Thielen, Co-chairs Taniguchi and Inouye, and members of the Committees.

I am Maria Tome, Chair of the Transportation Working Group of the Hawaii Energy Policy Forum (Forum). The mission of the Forum is to enable informed decisions to advance Hawaii's clean energy future by convening a collaborative network of stakeholders for fact finding, analysis, information sharing, and advocacy. Comprised of roughly 40 stakeholders from government, industry, community, and academe, we are collectively working to achieve a pono energy system that sustains a healthy, prosperous, and resilient Hawaii in the face of climate change.

House Bill 401, HD1, would allow vehicles to be included in energy performance contracts of government agencies. These contracts allow equipment to be paid for up-front by private-sector service providers, who then share in the energy savings. The change proposed by the bill does not require the participating government agencies do anything differently, but it would allow them to include vehicles if it made sense, with no up-front cost to the agencies.

The Forum supports this bill for the following reasons:

As vehicles and buildings both become more energy-efficient and interconnected, there could be benefits from allowing the energy service providers to include vehicles in the project plans. Electric and hydrogen vehicles could assist with the absorption of excess solar energy in the middle of the day, providing load management services for buildings and benefits to the electrical grid. However, in order for this to happen, it must first be allowed. This bill would do that, at no cost to the public.

Thank you for the opportunity to testify.

This testimony reflects the position of HEPF as a whole and not necessarily of the individual Forum members or their companies.

HB-401-HD-1

Submitted on: 3/13/2019 11:39:06 AM

Testimony for EET on 3/15/2019 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
HERBERT M. "TIM" RICHARDS, III	Individual	Support	No

Comments: